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GENERAL

2. Soviet Mission delivers copy of Stalin's message to Yoshida:

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A bound copy of the Japanese text of Stalin's message was delivered to Prime Minister Yoshida's official residence on New Year's Day by representatives of the Soviet Mission in Tokyo, with the request that it be presented to the Prime Minister. Reportedly he has not officially accepted the document in view of its controversial nature.

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Comment: The Soviet action in Tokyo suggests the importance attached by the USSR to Stalin's message. It is possible that delivery of the message indicates a Soviet desire to enter into a working relationship, with or without benefit of a peace treaty.

FAR EAST

3. American Minister in Saigon disturbed by French peace hints:

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 Minister Heath in Saigon, reporting that Premier Huu had banned publication of French Foreign Minister Schuman's reference on 6 January to a possible armistice in Indochina, observed that local centers of neutralism and appeasement had reacted quickly through press articles emphasizing the desirability of peace in the Far East.

Heath feels that statements such as Schuman's will gravely hinder the psychological mobilization effort in Vietnam. He also fears that India, which immediately cabled the text of Schuman's statement to its Consul General in Saigon, may seize the opportunity to propose mediation of the Indochina war or to submit the problem to the UN.

Comment: Occasional French hints at a negotiated peace in Indochina, put out over the past year or more, have usually emanated from the Ministry for Associated States rather than from the Foreign Office.

In a speech on 9 January Premier Huu appealed to China to cease its aid to the Viet Minh in order that an international conference could be held to settle the cold war throughout the Far East. It appears that the Premier believed the Schuman statement more portentous than earlier ones and was attempting to identify himself early with any forthcoming peace movement.

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NEAR EAST - AFRICA

4. Egyptian court adviser suggests West present new proposals directly to King:

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King Farouk's chief court adviser believes that any new Western proposals on the Suez and Sudan issues should not be presented to the present Wafd government. Accordingly, the King's adviser suggests that any new offers be submitted to the King, who may then determine what action to take.

The adviser believes that the present government is not sincerely interested in negotiations and must be dismissed before any solution can be achieved. He also considers it necessary that literate public opinion support such action, and thinks that the opportune moment for a change in government has not yet arrived.

Comment: Reports from Cairo generally agree that the King is biding his time, convinced that for the time being inflamed public opinion is too strong to counter. A change of cabinets at this time might result in a more serious internal situation without any possibility that a negotiated settlement with Britain could be reached.

EASTERN EUROPE

5. Czechoslovakia reportedly will produce MIG-15's in 1952:

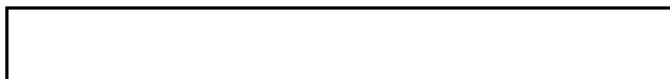
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All necessary preparations for the production of MIG-15's by the Czech aviation industry were completed shortly before the end of 1951 according to information received by the US Air Attache in Prague. Actual assembly of these aircraft reportedly began on 1 January. Maximum production of 20 planes per month is expected to be reached by 1 April.

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The US Air Attache believes that the Czech aviation industry is incapable of attaining such a production rate before September 1952, if by then.

Comment: It is possible that preparations for MIG-15 production in Czechoslovakia were completed by the end of 1951.

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[redacted] plans called for the completion of 10 prototypes by March 1952.

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WESTERN EUROPE

6. Russians threaten to tighten interzonal trade controls in Austria:

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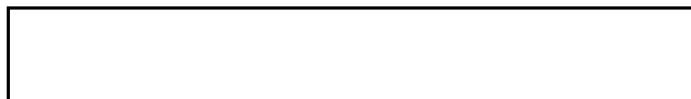


Soviet officials in Austria recently implied to an Austrian official that controls over interzonal trade would be tightened unless the government committed itself to deliver specific quantities of aluminum, lead and copper to Soviet enterprises in Austria in 1952. The Soviet officials hinted that non-compliance would lead to curtailment of allocations of petroleum products from the Soviet zone and to restrictions on the movement of such items as scrap metal, machines, electrical equipment and other items.

Comment: Soviet authorities have frequently complained of inadequate allocations of raw materials to their enterprises and have made threats in an effort to enforce their demands. In 1947, they informed the Austrian Government that a specified list of foods and industrial products would be permitted to move between zones only if an official permit were obtained from Soviet authorities, and this pressure technique could be used again to force concessions from the Austrians. Until now, however, trade between the Soviet and Western zones has taken place with little obstruction.

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7. Comment on the Czech overflight requests:

A Belgian Foreign Office spokesman has suggested that, before answering the month-old Czech requests for approval of the proposed Prague-Paris air route by way of Copenhagen, The Hague and Brussels, the interested governments coordinate their replies through an international conference to discuss the matter in detail or by an exchange of notes. Both the United States and Britain have strongly suggested that the requests for landing rights be denied, because approval would circumvent existing controls on Czech overflights in Western Europe.

France, which has not yet received a Czech request, has stated its intention not to grant the landing rights, and the Netherlands has hinted at similar action. Belgium's position, however, is unclear beyond its readiness to continue stalling. Denmark feels that it has no legal grounds on which to refuse the Czech request.

So far, Czechoslovakia has applied pressure only on Denmark; thus it appears that the Czechs wish to obtain Danish approval first to use as a bargaining point in discussions with the other countries.

8. Dutch support of the European Defense Community seems assured:

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Dutch Foreign Minister Stikker has told a US official that he feels "reasonably sure" of early agreement on the European Defense Community and intimated that his country would modify its previous position on the unresolved issues to facilitate over-all agreement. Although concerned that the Community concept as envisaged by France does not tie into NATO, Stikker seemed reassured when told that the United States considers the Defense Community a necessary adjunct to NATO and that the US would oppose any change in what it considered a desirable relationship between the two organizations.

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Comment: Continued United States and British support of the European Defense Community will help ensure Dutch participation in the army plan. Modification of the formerly adamant Dutch stand on certain aspects of the Defense Community would probably lead Belgium and Luxembourg to soften their opposition.

9. Swiss to approve military materiel orders for US:

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[REDACTED] The Swiss Undersecretary of State is approving export licenses for the two million dollars worth of rockets and other munitions now being manufactured in Switzerland for the United States, and will approve export permits for additional orders of twelve million dollars now being negotiated. In exchange, he requests that licenses be granted for \$374,000 worth of items on order from the United States and urgently needed by the Swiss Army.

The US Minister in Bern strongly urges approval of this request because of the importance to the West of Swiss cooperation in military matters and in export controls.

Comment: The practically unconditional approval of large US military orders at this time indicates a considerable departure from Swiss neutrality, as a result of their extreme anxiety to obtain US military materiel to fulfill their rearmament program. The Swiss are also concerned lest military imports from the US may be made conditional on a satisfactory solution of the problem of liquidating German assets in Switzerland.

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